

Item 1 Cover Page

Financial Management, Inc.

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This Brochure provides information about the qualifications and business practices of Financial Management, Inc. (FMI) If you have any questions about the contents of this Brochure, please contact us at (509) 965-5654/info@fmiwealth.net. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Financial Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Financial Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Financial Management, Inc. is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure.

Since our last Annual Amendment filing, dated March 2016, there are not material changes to this brochure.

Please note we do not have to provide this information to a client or prospective client who has not received a previous version of our Wrap Brochure. At this time, there are no material changes to report about our Wrap Brochure.

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Item 4 Services, Fees & Compensation

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

Our Wrap Advisory Services

Bundled Asset Management

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The following fee schedules are intended to be examples for illustrative purposes. We generally do not charge fees greater than those outlined below, but we may charge lower fees depending on specific client circumstances. Fees are negotiable based on the amount of assets under management, the composition of investment accounts and the complexity of the client's situation. Your specific fee schedule will be agreed upon and detailed in your agreement for services with our firm.

Fee Schedule:

Assets Under Management	Annual Percentage of Assets Charge
\$25,000 to \$99,999.99	1.50%
\$100,000 to \$249,999.99	1.35%
\$250,000 to \$499,999.99	1.25%
\$500,000 to \$999,999.99	1.06%
\$1,000,000 to 2,000,000	0.85%
Over \$2,000,000	0.65%

Minimum account sizes are \$25,000 for advisory accounts. Client will pay Adviser a fee for its investment management services according to the fee schedule set forth above. The Fee will be payable quarterly in advance upon deposit of any funds or securities in the account. The first payment is due upon execution of an advisory contract and will be based upon the opening value of the Account. The first payment will be prorated to cover the period from the date the Account is opened through the end of the first calendar quarter. Thereafter, the fee will be based on the Account value on the last business day of the preceding calendar quarter and will be due the following business day. The Client may make additions to the Account at any time. Additional assets received into the Account after it is opened will be included in the fee calculation for the following quarter. The Client may withdraw Account assets upon notice to the Adviser, subject to the usual and customary securities settlement procedures. No fee adjustments will be made for partial withdrawals or for Account appreciation or depreciation within a billing period.

- LPL Financial as your custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- You provide authorization permitting LPL Financial to deduct these fees;
- LPL Financial calculates the advisory fees for all flat fee schedules and deducts them from your account;
- LPL Financial calculates all tiered advisory fee accounts. LPL Financial will deduct advisory fees from your account.

In rare cases, we will agree to direct bill clients.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

We do not recommend or offer the wrap program services of other providers. Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

Item 5 Account Requirements & Types of Clients

FMI provides financial planning services to individuals, high net worth individuals, corporations, charitable institutions, foundations, and endowments. Minimum account sizes are \$25,000 for advisory accounts.

Item 6 Portfolio Manager Selection & Evaluation

Our firm and its related persons act as portfolio manager(s) for this wrap fee program. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

Advisory Business:

We offer individualized investment advice to clients utilizing our Bundled Asset Management service. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Bundled Asset Management service. We do not manage assets through our other services. Please see Item 4 for information about our wrap fee advisory program.

Participation in Wrap Fee Programs:

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

Performance-Based Fees & Side-By-Side Management:

We do not charge performance fees to our clients.

Methods of Analysis, Investment Strategies & Risk of Loss:

"Investing in securities involves risk of loss that clients should be prepared to bear." FMI performs analysis as part of the financial planning process on a variety of securities and investments. FMI utilizes internal and external sources of information, technology and research as well as industry sources and standards. Our research process is ongoing and is structured in a team approach amongst staff and each of our advisors/planners. Advisors specialize in certain asset classes and quarterly consult and review existing holdings as well as other options and ideas they have researched with respect to various risk and return measurements available from respected industry sources and tools. We would be happy to review our research on an individual consultative basis.

FMI utilizes a broad variety of qualitative tools that deal with a specific investments merits as well as quantitative resources in evaluating investments such as stocks, bonds, ETF's, index funds, individual holdings, traded and non-traded investments, alternatives, UIT's, annuities, options, futures, commodities, closed and open end mutual funds and other investments approved within LPL Financial's platforms. Some of these are provided through its relationship with LPL Financial, and others are secured through other companies and research providers that we subscribe to as a firm. FMI also subscribes to various research companies for a fee to review reports on the quality, statistical data, risk measurements, company financial reports, press releases, conference calls, proxy reports, and quantitative data available in the industry.

In evaluation of a particular investment, some of the material risks that are determined and analyzed are market, credit, default, liquidity, concentration, interest-rate and other factors. Types of analysis may include charting, fundamental analysis, technical analysis, cyclical analysis, from newspapers, research reports, online sources, rating services, timing services, SEC filings, press releases, etc. Strategies utilized may include long term purchases, short term purchases, trading, short sales, alternative investments, futures contracts, options, etc. All of these methods and strategies are taken into account for appropriateness of a client's individual situation and objectives. All of the above terms are well recognized within the industry and definitions of any of the above terms can be secured online or in Wikipedia. Certain terms have different specific meanings and applicability when applied to different investment types. Please ask FMI or a planner personally for specific questions.

Voting Client Securities:

As a matter of firm policy and practice, FMI does not have authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. FMI may provide advice to clients regarding the clients' voting of proxies.

Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Item 7 Client Information Provided to Portfolio Manager(s)

FMI communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

Item 8 Client Contact with Portfolio Manager(s)

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

Disciplinary Information

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

Financial Industry Activities & Affiliations

Financial Management, Inc. advisors and planners are Registered Representatives and Insurance Agents. They spend 40% of their time pursuant to activities as planners and 20% of their time providing brokerage services as Registered Representatives with LPL Financial (LPL). In such capacity they may offer securities and receive normal and customary fees and commissions as a result of investment management and securities transactions.

Financial Management, Inc. advisors are also licensed independent agents and represent numerous insurance companies. In such capacity, they may offer insurance products and receive normal and customary commissions as a result of such a purchase. They spend 20% of their time in this capacity.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

FMI has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. We have used the Financial Planning Association's Code of Ethics as our model and guideline. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at FMI must acknowledge the terms of the Code of Ethics annually, or as amended.

FMI anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which FMI has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which FMI, its affiliates and/or clients, directly or indirectly, have a position of interest. FMI's employees and persons associated with FMI are required to follow FMI's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FMI and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FMI's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FMI will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of FMI's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to

reasonably prevent conflicts of interest between FMI and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with FMI's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FMI will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

FMI's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Corina Martin, Operations Manager or you may obtain a copy by reviewing the FPA website.

It is FMI's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. FMI will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

The client is under no obligation to purchase products through FMI or its planners. The recommendations of specific products are separate from their role as financial planners.

FMI and its' planners may make recommendations to clients to buy and sell securities they own personally. It is their policy not to perform purchases or sells of securities directly before or after clients so as to cause any detriment in performance or pricing to the client. Whether or not FMI and its' planners owns a particular security has no basis in making a recommendation to the client. FMI and its planners may own or transact securities which may coincide with a client recommendation. In every situation, the client's needs are considered first and the securities are widely held and publicly traded.

Code of Ethics

From its earliest designs, the Financial Planning Association included a mandate that members will adhere to a code of ethics that reflects their commitment to help clients achieve their life goals. One of the first acts of the FPA Board was to develop and institute that code. In accord with founding documents created by the FPA's first board of directors, including the Memo of Intent and Bylaws, all FPA members will be asked to commit to this code of ethics. The guidelines you see below capture the essence of the Certified Financial Planner Board of Standard's code but makes it applicable to all FPA members – CFP® certificants and non-CFP certificants alike. FPA's Ethics Committee is charged by the Board of Directors with reviewing alleged violations of the FPA Code of Ethics and advising staff on ways to enhance awareness by FPA members of their obligations under the Code.

Introduction

This Code of Ethics is an expression of the financial planning profession's recognition of its

responsibilities to the public, to clients, to colleagues, and to employers. These principles apply to all Financial Planning Association (FPA) members and provide guidance to them in the performance of their professional services.

Principle 1 - Integrity

An FPA member shall offer and provide professional services with integrity. FPA members may be placed by clients in positions of trust and confidence. The ultimate source of such public trust is the FPA member's personal integrity. In deciding what is right and just, an FPA member should rely on his or her integrity as the appropriate touchstone. Integrity demands honesty and candor, which must not be subordinated to personal gain and advantage. Within the characteristic of integrity, allowance can be made for innocent error and legitimate difference of opinion; but integrity cannot co-exist with deceit or subordination of one's principles. Integrity requires an FPA member to observe not only the letter but also the spirit of this Code.

Principle 2 - Objectivity

An FPA member shall be objective in providing professional services to clients. Objectivity requires intellectual honesty and impartiality. It is an essential quality for any professional. Regardless of the particular service rendered or the capacity in which an FPA member functions, an FPA member should protect the integrity of his or her work, maintain objectivity, and avoid subordination of his or her judgment that would be in violation of this Code.

Principle 3 - Competence

An FPA member shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the designee is engaged. One is competent only when he or she has attained and maintained an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation or client referral is appropriate. In addition to assimilating the common body of knowledge required and acquiring the necessary experience, an FPA member shall make a continuing commitment to learning and professional improvement.

Principle 4 - Fairness

An FPA member shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers and shall disclose conflict(s) of interest(s) in providing such services. Fairness requires impartiality, intellectual honesty, and disclosure of conflict(s) of Interest(s). It involves a subordination of one's own feelings, prejudices, and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated and is an essential trait of any professional.

Principle 5 - Confidentiality

An FPA member shall not disclose any confidential client information without the specific consent of the client unless in response to proper legal process, to defend against charges of wrongdoing by the FPA member or in connection with a civil dispute between the FPA member and client. A client, by seeking the services of an FPA member, may be interested in creating a relationship of personal trust and confidence with the FPA member. This type of relationship can only be built upon the understanding that information supplied to the FPA member or other information will be confidential. In order to provide the contemplated services effectively and to protect the client's privacy, the FPA member shall safeguard the confidentiality of such information.

Principle 6 - Professionalism

An FPA member's conduct in all matters shall reflect credit upon the profession. Because of the importance of the professional services rendered by FPA members, there are attendant responsibilities to behave with dignity and courtesy to all those who use those services, fellow professionals, and those in related professions. An FPA member also has an obligation to cooperate with fellow FPA members to enhance and maintain the profession's public image and to work jointly with other FPA members to improve the quality of services. It is only through the combined efforts of all FPA members in cooperation with other professionals, that this vision can be realized.

Principle 7 - Diligence

An FPA member shall act diligently in providing professional services. Diligence is the provision of services in a reasonably prompt and thorough manner. Diligence also includes proper planning for and supervision of the rendering of professional services.

Review of Accounts

The firm recommends that clients have a review annually, or in the event of a substantial change in the client's situation. It is the client's responsibility to notify the firm of such changes. Recommendations, if any, will be implemented entirely at the client's discretion. The client is under no obligation to implement any recommendation nor is the client under obligation to engage the services of the firm for reviews.

We review accounts on at least a quarterly basis for our clients subscribing to our Bundled Asset Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. All reviews of client accounts will be conducted by the Chief Compliance Officer and the investment team. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Bundled Asset Management service.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Client Referrals & Other Compensation**LPL Financial, LLC****Investment or Brokerage Discretion**

We provide discretionary portfolio management services where the investment advice provided is custom tailored to meet the needs and investment objectives of each client. Accordingly, we are authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. We do not have discretionary authority over the broker or dealer to be used.

Suggestion of Brokers to Clients

We shall recommend LPL Financial. LPL is the broker-dealer with which our representatives are also associated. As a result of the individual association of our representatives with LPL, we are generally required to utilize the brokerage/custodial services of LPL for investment advisory accounts. Our general policies relative to the execution of client securities brokerage transactions are as follows:

Execution of Brokerage Transactions (when applicable)

In seeking “best execution”, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. LPL also takes into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although LPL will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for all account transactions.

Over-the-Counter (OTC) securities transactions are generally effected based on two (2) separate broker-dealers: (1) a “dealer” or “principal” acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Transactions for each client account will be effected independently. We individually review each client's account and place trades accordingly. Despite being purchased or sold at approximately the same time all clients' transactions will incur individual transaction fees.

Additional Compensation

We may receive from LPL or a mutual fund company, without cost and/or at a discount non soft-dollar support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

Referral Fees

FMI may enter into arrangements with unaffiliated individuals or entities (“Solicitors”) that will refer clients to FMI for investment advisory services. In return, FMI will agree to pay the Solicitor a fee for the referral.

Solicitor's associates are **not** employees of FMI. Solicitor and FMI are independent entities under

separate ownership and control.

The Solicitor is **not** authorized to provide investment advice or manage investments on behalf of or through FMI. The Solicitor does **not** have authority to accept an investment advisory agreement on behalf of FMI or to collect or receive payment in its own name for any investment advisory services of FMI. The Solicitor's role on behalf of FMI is limited strictly to introducing or referring prospective clients to FMI.

Compensation paid by FMI to the Solicitor is dependent upon the client entering into an investment advisory agreement with FMI. Compensation paid by FMI to the Solicitor will be an agreed upon percentage of the investment management fee of FMI as specified in the solicitor disclosure statement provided to the client.

The investment advisory fee charged to a client will not increase as a result of compensation being shared by FMI with Solicitor.

This referral program of FMI will be in compliance with federal or state regulations (as applicable). The solicitation/referral fee is paid pursuant to a written agreement retained by both FMI and the Solicitor. The Solicitor will be required to provide the client with a copy of disclosure documents, including FMI's Form ADV Part 2A disclosure brochure, Part 2B brochure supplement(s), and a Solicitor disclosure document at the time of the referral.

Financial Information

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.